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RR RUEHAST  
DE RUEHLI #2266/01 2851421  
ZNR UUUUU ZZH  
R 121421Z OCT 06  
FM AMEMBASSY LISBON  
TO RUEHC/SECSTATE WASHDC 5248  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE  
RUEHPD/AMCONSUL PONTA DELGADA 0268  
RUEKJCS/JOINT STAFF WASHDC  
RUVACEA/65 CES LAJES FIELD PO  
RHFQAAA/USAFE RAMSTEIN AB GE  
RUEKJCS/SECDEF WASHDC

UNCLAS LISBON 002266

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E.O. 12958: N/A

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SUBJECT: US-PORTUGAL BILATERAL COMMISSION HIGHLIGHTS

¶1. (U) Summary: Portugal hosted the semi-annual meeting of the U.S.-Portugal Bilateral Commission on October 3 to discuss ongoing bilateral cooperation items as well as coordination on international military engagements. The U.S. delegation noted Portugal's military contributions worldwide, including to UNIFIL, Afghanistan, the Balkans, East Timor, and Iraq; welcomed Portugal's upcoming EU Presidency in 2007; reported on the status of joint projects in the Azores and military training programs; and detailed our robust scientific exchange cooperation. Portugal's delegation thanked us for securing additional pilot training slots; reported on the status of updating bilateral MOUs; and focused on the disputed 2006 wage increase at Lajes Air Base.

Both delegations agreed to seek a long-term solution to the wage increase impasse. On the margins, EUR PDAS Kurt Volker and representatives from AF, ISN, and WHA had productive discussions with their counterparts on policy issues of mutual interest (septels). End summary.

¶2. (U) Participating Delegation Members:

United States

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Ambassador Alfred Hoffman Jr.  
EUR Principal Deputy Assistant Secretary Kurt Volker  
Deputy Under Secretary for Defense Patricia Bradshaw  
DCM Adrienne O'Neal  
Lajes Air Base Col. Robert Winston  
Office of Defense Cooperation Cdr. Ted Bradfield  
Consul to Ponta Delgada Jean Manes  
Embassy Science and Technology Officer Inga Heemink

Portugal

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DG for Political Affairs Amb. Manuel Tomas Fernandes Pereira  
Portuguese Embassy Political Counselor Jose Costa Pereira  
Azores Regional Government Representative Andre Bradford  
Lajes Commander General Pereira da Cruz  
Ministry of Higher Education Jose Garcia

MEETING HIGHLIGHTS

¶3. (U) POLITICAL AND POLITICAL-MILITARY ISSUES: Both delegations stressed our close cooperation on promoting democracy, combating terrorism, and in supporting nation building efforts. They further noted the importance of the consultations on Africa, non-proliferation, and Latin America held on the margins of the Commission meeting.

- Ambassador Hoffman reported that, in FY 2007, the U.S. International Military Education and Training (IMET) budget for Portugal would be increased by 16 percent, Portugal would train 22 new pilots through the Specialized Undergraduate

Pilot Training (SUPT), and nine senior officials from the Portuguese government had attended courses or seminars at the George C. Marshall Center. PDAS Volker recognized Portugal's military deployments to global trouble spots, including Afghanistan, Iraq, East Timor, and Lebanon. He also noted our support for Portugal's EU Presidency and its active involvement in NATO.

- Ambassador Fernandes Pereira highlighted Portugal's willingness to participate in international engagements "without strings attached," referring to caveats that several nations impose on their armed forces. He praised the U.S.-Portuguese-Angolan cooperation on establishing a computer system for Angola's legal system. He inquired about the status of the U.S. embargo towards Libya because the Portuguese aeronautics company OGMA seeks to repair Libyan C-130 aircraft as soon as U.S. policy allows.

14. (U) DIPLOMATIC EXCHANGE: Both delegations announced plans to have diplomats work in exchanges at State or in Portugal's MFA in November. The Portuguese also announced plans to send an additional diplomat to State in January 2007 for approximately one month. Embassy Lisbon is awaiting confirmation that our exchange will be with Portugal's EU coordination office.

15. (U) MILITARY COOPERATION: DUSD Bradshaw offered more detailed information on International Military Education and Training (IMET) and pilot training funding, and recognized Portugal's plans to decline the U.S. offer of two Oliver Hazard Perry class frigates. She raised the issue of two Memoranda of Understanding (MOU), one on scientific exchange, the other on procurement policy, slated to be amended or renegotiated shortly. She said military representatives on both sides were working to expedite the changes. Bradshaw recognized Portugal's formal request to establish drug intercept training programs with the U.S. Coast Guard and promised a response soon. Col. Winston at Lajes Air Base praised our close mil-to-mil relationship on the base and cited examples of successful training programs, space shuttle launch support, and refueling missions. Winston also acknowledged that the U.S. 2005 manpower survey results for Lajes had not been finalized and offered to share them once they become available.

- MOD's Bernardo Calheiros underscored Portugal's appreciation for the pilot training slots and noted that Portugal will probably request 12-16 slots a year until FY10 to make up for their current shortfall. He requested four operational course slots to train F-16 pilots and reported that Portugal would like to participate in operational training exercises, particularly in pre-deployment training in Germany. Commander Mario Marques from MOD Naval Armaments Directorate announced that the new Portuguese military procurement law came into effect on August 29 and provided the U.S. delegation with an overview of the legislation.

16. (U) SCIENTIFIC AND TECHNOLOGICAL COOPERATION: DCM Adrienne O'Neal mentioned the strong science and technology component of Ambassador Hoffman's recent delegation trip to Florida and offered to distribute follow-up information and notes to encourage an ongoing dialogue. Science and Technology Officer Inga Heemink introduced the Embassy Science fellow and listed three other scientists slated to work in Portugal over the next six months. She also reported on the USDA Forest Service's cooperation with Portuguese officials to fight forest fires, on bilateral cooperation for alternative energy technology, and on the ongoing Department of Homeland Security review of proposed language to update our 1994 bilateral customs agreement.

- Jose Garcia of the Ministry for Higher Education stated that Portugal had signed protocols with Massachusetts Institute of Technology (MIT), Carnegie Mellon, and the University of Texas - Austin for scientific exchange and cooperation. Prime Minister Socrates will attend the MIT project's launch on October 11. He then asked the U.S. to reconsider its decision regarding meteorological confirmation

through radio signals. Luso-American Foundation Director Rui Vallera mentioned the joint projects with U.S. universities to do research on cancer and biotechnology. He also noted an interest in beginning a grant program with Combined Language Centers and Rhode Island College to offer Portuguese language classes.

¶7. (U) AZORES COOPERATION: DUSD Bradshaw reviewed our key endeavors with the Azores including sustainable fishing, English language training, emergency response training, dairy production improvement, and blueberry production. Newly-arrived Consul Jean Manes, offered remarks on her consultations with the Regional Autonomous Government of the Azores, and with Azorean-American Congressmen in the United States. Col. Winston highlighted the economy-boosting housing renovation underway at Lajes, a boom reel to prevent or contain an oil spill into the bay on Terceira, and the U.S. efforts to use local labor and contractors when possible.

- Andre Bradford praised the successful fire fighting cooperation, the transfer of the Pico-Nare station over to Portuguese control, and the Azores' developing tourism and investment plan made in consultation with U.S. experts.

¶8. (U) LABOR AND TECHNICAL COMMITTEE MEETINGS: During a recap of the labor and technical committee meetings, both delegations explained their distinct positions regarding the wage increase for local workers at Lajes. The United States did a wage survey and found that the employees should receive a 2.7 percent pay increase as of July 1 but U.S. law prohibits an increase beyond the U.S. national standard -- currently at 2.1 percent. Portugal argued that the employees deserved the full 2.7 percent increase, even if it meant getting an exception to the standard cap. Portugal agreed to approve the 2.1 percent raise with reservations and both sides agreed to discuss a long-term solution to the impasse.

- Cdr. Ted Bradfield then recapped the technical committee's work which included two construction projects, an amendment to one approved project, and a land transfer discussion.

¶9. (U) In addition to the Commission meeting, PDAS Volker had several meetings with Portuguese interlocutors in the Prime Minister's office, the Ministry of Defense, and the Ministry of Foreign Affairs (septel). AF/RSA Director Jerry Lanier, ISN/RA Director Robert Witajewski, and WHA Special Coordinator for Venezuela Deborah McCarthy also had substantive meetings with interlocutors on the margins (septels). The next Bilateral Commission meeting will be held in Washington DC sometime in March 2007.  
Hoffman